



FILED
2-05-15
11:20 AM

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of San Diego Gas & Electric Company (U902M) for Authority, Among Other Things, to Increase Rates and Charges for Electric and Gas Service Effective on January 1, 2016.

Application 14-11-003
(Filed November 14, 2014)

And Related Matter.

Application 14-11-004

ASSIGNED COMMISSIONER'S SCOPING MEMO AND RULING

Summary

Today's Scoping Memo and Ruling (scoping ruling) addresses the scope of issues to be covered in the consolidated general rate case (GRC) applications of San Diego Gas & Electric Company (SDG&E) and Southern California Gas Company (SoCalGas), and the procedural schedule that we will follow to resolve the issues. This scoping ruling adopts a schedule similar to what the Office of Ratepayer Advocates (ORA) has proposed. Under the adopted procedural schedule, evidentiary hearings will begin on June 22, 2015 and continue through July 17, 2015, as needed.

This ruling also grants the December 29, 2014 joint motion of SDG&E and SoCalGas for a protective order.

A series of separate public participation hearings (PPHs) will be held in the service territories of SDG&E and SoCalGas concerning their respective applications. A separate ruling for these PPHs will issue in the near future.

1. Background

SDG&E and SoCalGas filed their respective GRC applications on November 14, 2014. The focus of SDG&E's application is to establish the revenue requirements and rates for its electric and natural gas services for the period from January 1, 2016 through December 31, 2018. SoCalGas' application seeks to establish its revenue requirement and rates for its natural gas services for the period from January 1, 2016 through December 31, 2018. SDG&E listed its description of the scope of issues at pages 2-11, and 15 of its application. SoCalGas listed its description of the scope of issues at pages 2-10, and 13 of its application.

SDG&E and SoCalGas are affiliated companies owned by Sempra Energy. In a December 26, 2014 ruling, the separate motions of SDG&E and SoCalGas to consolidate the two applications were granted.

Timely protests and a response to the applications were filed by various parties, to which SDG&E and SoCalGas filed a reply on December 29, 2014.

A prehearing conference (PHC) in the above-captioned consolidated applications was noticed and held on January 8, 2015. Parties were allowed the opportunity to file PHC statements of their positions. The purpose of the PHC was to discuss the scope of issues to be addressed in these consolidated proceedings, and the procedural schedule.

2. Applicants' Joint Motion for Protective Order

This scoping ruling addresses the December 29, 2014 joint motion for a protective order that the Applicants filed. The joint motion requests that a

protective order be granted to govern access to the following: the confidential and proprietary computer models produced by SDG&E and SoCalGas, as well as the corresponding User Reference Guides for those models; and other confidential, proprietary, or otherwise protected materials produced by SDG&E, SoCalGas, or other appearing parties to the proceeding.¹ The joint motion at 1 states that “The Protective Order is not intended to govern access by the Office of Ratepayer Advocates (ORA) to SDG&E’s and SoCalGas’ confidential or proprietary materials, as that access would be governed by Public Utilities Code (Pub. Util. Code) Section 583 and General Order (GO) 66-C.”

The Applicants attached a proposed protective order, a proposed ruling approving the protective order, and a proposed non-disclosure certificate, to the joint motion.

The Applicants contend that a protective order is warranted because similar protective orders have been granted in the previous GRCs for both utilities, and in other proceedings where substantial discovery was expected. The Applicants further state that the protective orders will “impose an orderly process on the discovery of confidential and proprietary documents to facilitate the Commission’s and parties’ full and timely review of an application.” (Joint Motion, at 2.)

No one filed any response to the joint motion.

Pub. Util. Code §§ 585 and 1822, and Rules 10.3 and 10.4 of the Commission’s Rules of Practice and Procedure, authorize the Commission to

¹ An example of a situation involving “otherwise protected materials” is if the Applicants provide ORA (pursuant to the provisions of Public Utilities Code § 583 and General Order 66-C) with confidential or proprietary materials during discovery, which other parties seek access to.

adopt procedural safeguards to protect proprietary computer models and databases. In addition, Rule 10.1 addresses the discovery rights of the parties, and Rule 11.3 addresses a motion to compel or limit discovery.

The joint motion of the Applicants presents the situation whereby parties who want access to the Applicants' computer model and related materials, and to other confidential, proprietary, or protected materials, should be governed by a protective order and be required to sign a non-disclosure certificate.

Since the joint motion for a protective order seeks to limit discovery by a party unless a protective order is signed, Rule 11.3 and Pub. Util. Code § 585(b) are applicable to the analysis of these motions. Pub. Util. Code § 585(b) provides in pertinent part:

The commission shall, by rule or order, with full opportunity for participation by utilities and other affected parties, establish procedures and safeguards governing its access to, and monitoring, verification, and use of, computer models of every public utility... with respect to any rate proceeding ... establishing a fact or rule that may influence a rate. The time, place, and manner of commission access shall, to the extent practicable, be the subject of mutual agreement between the commission and the affected utility, and the parties shall make every good faith effort to reach agreement. If an agreement is reached, it shall include, but is not limited to, provisions to reasonably assure the legitimate needs for security of the public utilities' computer resources. These provisions shall provide for the confidentiality of records, the protection of proprietary information, and the protection of the reasonable expectation of customers of public utilities in the privacy of customer-specific records maintained by the utility.

The Applicants' proposed protective order establishes procedures and safeguards for allowing parties to access the computer model and related information, as well as access to protected materials. The proposed protective

order is appropriate because it provides parties with access, while providing confidentiality and protection to the protected materials, as contemplated in Pub. Util. Code §§ 585 and 1822, and in Rules 10.1, 10.3, 10.4, and 11.3. In addition, the Commission has routinely granted motions for protective orders in similar proceedings.

Accordingly, the December 29, 2014 joint motion of the Applicants for a protective order should be granted, and the protective order and non-disclosure agreement attached to the joint motion should be adopted. All parties seeking access to protected materials, except for ORA and other staff of this Commission, shall be required to enter into a finalized version of the non-disclosure agreement and be bound by the terms and restrictions of the protective order.

3. Scope of Issues

3.1 Introduction

A preliminary list of the scope of issues was included in the agenda for the consolidated PHC.² The issues listed on the PHC agenda were derived from a review of the applications and prepared testimony of SDG&E and SoCalGas, and the other documents which have been filed in these two proceedings.

At the January 8, 2015 PHC, the parties were given the opportunity to discuss the scope of issues that should be addressed in the consolidated SDG&E and SoCalGas proceedings.

One of the issues discussed at the PHC was whether the Commission should open a separate Order Instituting Investigation (OII) as the vehicle to examine, and possibly adopt, the proposals and recommendations of the other

² A copy of the agenda was attached to the Reporter's Transcript of the PHC.

parties in connection with the GRC applications of SDG&E and SoCalGas. The Administrative Law Judge (ALJ) mentioned that in past GRCs of various utilities, the proposals and recommendations of other parties have been adopted in the GRC proceedings where OIIs were opened in connection with the GRCs, and also in GRC proceedings where OIIs were not initiated as part of the GRC proceedings. Instead of opening a separate OII in this proceeding, it is our intention that these consolidated proceedings will allow other parties to present affirmative proposals and recommendations concerning subjects that are relevant to the GRCs but are not covered by the Applicants' application or testimony.

4.1 Scope of Issues to be Addressed

An agenda was prepared by the ALJ for the PHC which listed the broad scope of issues, and sub-issues to be litigated in these proceedings. All of the parties were provided with an opportunity to discuss whether these issues addressed all of the scope of issues that should be included in these consolidated proceedings, or whether the issues should be refined or additional issues added. (*See Reporter's Transcript*, at 7-34.) As a result of those discussions, changes have been made to some of the wording of the sub-issues. Based on the discussions at the PHC, the following are the scope of issues that will be considered for SDG&E and SoCalGas in these proceedings.

For SDG&E, the all-encompassing issues are as follows: (1) whether SDG&E's proposed 2016 costs of owning and operating the facilities that generate and distribute electricity to its customers, distributing natural gas, and fulfilling its customer service functions, are just and reasonable; (2) whether SDG&E's regulatory accounts proposals and amortization are just and reasonable; and (3) whether SDG&E's proposed ratemaking mechanism to adjust post-test years 2017 and 2018 is just and reasonable.

In addition to the broad issues listed above, the following are sub-issues that will be addressed for SDG&E: (a) whether SDG&E's proposed risk management, safety culture, policies, and investments will result in the safe and reliable operation of its facilities and services; (b) whether SDG&E's proposed revenue requirement is reasonable when considered together with the Pipeline Safety Enhancement Plan costs; (c) whether SDG&E's proposed costs associated with street lighting are reasonable; (d) whether SDG&E's proposed funding of wildfire prevention and prioritization of projects is reasonable; (e) whether appropriate reductions have been made to the proposed revenue requirement to reflect the shutdown of San Onofre Nuclear Generating Station; and (f) accessibility issues for SDG&E's customers with disabilities related to SDG&E's facilities and services.

For SoCalGas, the all-encompassing issues are the following: (1) whether SoCalGas' proposed 2016 costs of owning and operating its gas operations, facilities, infrastructure, and other functions necessary to provide natural gas service to its customers are just and reasonable; (2) whether SoCalGas' regulatory accounts proposals and amortization are just and reasonable; and (3) whether SoCalGas' proposed ratemaking mechanism to adjust post-test years 2017 and 2018 is just and reasonable.

For SoCalGas, the following sub-issues will also be included in the scope of issues to be considered in this proceeding: (a) whether SoCalGas' proposed revenue requirement is reasonable when considered together with the Pipeline Safety Enhancement Plan costs; (b) whether SoCalGas' proposed risk management, safety culture, policies, and investments will result in the safe and reliable operation of its facilities and services; (c) whether SoCalGas is addressing problems associated with Aldyl-A plastic pipe during this rate cycle; (d) whether

SoCalGas' proposals will result in an adequately staffed and skilled workforce to perform in a timely manner the tasks necessary to provide safe and reliable service; (e) whether SoCalGas' proposals provide sufficient revenue support for various needed activities; and (f) accessibility issues for SoCalGas' customers with disabilities related to SoCalGas' facilities and services.

4. Public Participation Hearings

As listed on the PHC agenda, and as discussed at the PHC, a series of PPHs will be held in the service territories of SDG&E and SoCalGas. The purpose of the PPHs is to make customers aware of the proposed revenue changes, and to solicit comments from the customers of the utilities about the impact the applications could have on them.

The exact dates of the PPHs, the locations of the PPHs, and bill insert instructions, are still being worked out. The PPHs are likely to be scheduled for mid-May to early June 2015. As discussed at the PHC, TURN has provided the locations of some potential PPH sites. To the extent possible, we will try to accommodate some of TURN's suggested locations. A separate ruling about the date, time, and locations of the PPHs, and the bill insert process, will be issued once the logistics are finalized.

To save some time, the Applicants should begin to draft their proposed bill insert language, and forward the draft bill insert to the Commission's Public Advisor's Office for review. The draft bill insert should contain a brief description of the Applicants' proposed pipeline safety activities.

As mentioned at the PHC, the utility and any party who attends the PPH, may make a brief presentation of their position to the audience attending the PPHs. Any party desiring to make such a presentation shall coordinate with the ALJ before the start of each PPH.

SDG&E and SoCalGas shall have a customer service representative at each of their respective PPHs to answer billing or customer service questions that the public may have.

5 Procedural Schedule

Based on the various pleadings that have been filed in connection with the GRC applications of SDG&E and SoCalGas, as well as the discussion of the procedural schedule at the January 8, 2015 PHC, the scope of issues set forth in these proceedings raise issues of fact that may require evidentiary hearings. The various scheduling proposals of the Applicants and other parties were discussed at the PHC. In addition, a January 12, 2015 e-mail was served by the Mussey Grade Road Alliance on the service list about the scheduling. All of those scheduling concerns, along with the schedule set forth in the Commission's Rate Case Plan, have been considered and weighed. Accordingly, evidentiary hearings for these proceedings will be held at the Commission's Hearing Room in San Francisco beginning on June 22, 2015, and as needed, each weekday thereafter through July 17, 2015.

In accordance with the evidentiary hearing dates, we have developed the due dates for the testimony in these proceedings, and other scheduling dates, which are set forth in the adopted procedural schedule below.

Testimony of SDG&E and SoCalGas served.	November 14, 2014
Public Participation Hearings.	Separate ruling to issue. Likely to be held in late May and early June 2015.
Report on safety aspects of the applications of SDG&E and	March 27, 2015

SoCalGas by Safety and Enforcement Division (SED). ³	
ORA's testimony to be served, and Applicants' testimony on SED report.	April 24, 2015
Intervenor testimony to be served.	May 15, 2015
Concurrent rebuttal testimony to be served.	June 12, 2015
Evidentiary hearings to be held at the CPUC, 505 Van Ness Avenue, San Francisco.	June 22, 2015 at 10:00 a.m., and each weekday thereafter through July 17, 2015, as needed.
Opening briefs to be filed, including request for oral argument, if requested.	August 17, 2015
GRC Update Testimony and Comparison Exhibit served.	August 24, 2015
Reply briefs to be filed, and projected submission date.	September 2, 2015
Update Hearings, if needed.	September 14-15, 2015
Proposed decision issued.	Within 90 days of filing of reply briefs.
Comments and reply comments on proposed decision.	In accordance with Rule 14.3 of the Commission's Rules of Practice and Procedure.
Decision adopted by the Commission.	Approximately January 2016

³ As discussed at the PHC, the Safety and Enforcement Division (SED) plans to submit a report on the Applicants' approach and policies regarding risk and safety. The Applicants and ORA may address the SED report in their testimony due on April 24, 2015, and in their respective concurrent rebuttal testimony. All other parties may address the SED report in their testimony due on May 15, 2015, and in their concurrent rebuttal testimony.

Discovery was also discussed at the PHC. Parties should be engaging in discovery. SDG&E and SoCalGas have begun to post on their respective websites (in the Rates and Regulatory section of Application (A.) 14-11-003 and A.14-11-004) all of the data requests that parties have asked of the utilities, and the responses of the utilities.

Pursuant to Rule 13.13(b), if evidentiary hearings are held, a party may request that a final oral argument be held before the Commission. Any party requesting oral argument shall include a written request in its opening brief following the conclusion of the evidentiary hearings.

We anticipate that this proceeding will be completed as set forth in the above schedule, and expect this proceeding to be completed within 18 months from the date this scoping memo is issued pursuant to Pub. Util. Code § 1701.5.

6 Principal Hearing Officers

The principal hearing officers for these consolidated proceedings shall be ALJs John S. Wong and Rafael Lirag.

7 Categorization, *Ex Parte* Communications, and Intervenor Compensation

These two applications were preliminarily categorized as ratesetting in Resolution ALJ 176-3346, issued on November 20, 2014. Today's scoping memo confirms that categorization as ratesetting, and determines that evidentiary hearings are needed. Anyone who disagrees with this categorization must file an appeal of the categorization no later than 10 days after the date of this scoping memo. (*See* Rule 7.6.)

Ex parte communications shall be permitted as provided for in Rules 8.1 through 8.5. Additionally, since Pacific Gas and Electric Company is a party in

these proceedings, it is subject to the *ex parte* restrictions adopted in Decision 14-11-041.

As provided for in Pub. Util. Code §§ 1802 and 1804 , any “customer” who intends to seek intervenor compensation must file a notice of intent to claim intervenor compensation by the time provided for in Rule 17.1, and must meet the criteria for a “customer” as set forth in Pub. Util. Code § 1802(b) and in Rule 17.1.⁴

As discussed at the PHC, and based on the various pleadings of the parties, it appears that some of the parties planning to seek intervenor compensation may raise similar types of issues. Those parties are reminded of Pub. Util. Code §§ 1801.3(f) and 1804(b)(2), and Rule 17.4 of the Commission’s Rules of Practice and Procedure, which cautions that unproductive or unnecessary participation that duplicates the participation of similar interests may affect a customer’s ultimate claim for compensation.

IT IS RULED that:

1. The December 29, 2014 motion of San Diego Gas & Electric Company (SDG&E) and Southern California Gas Company (SoCalGas) for a protective order is granted, and the protective order and non-disclosure certificate that is attached to the motion is adopted.

- a. All parties seeking access to the Results of Operations computer model of SDG&E and SoCalGas, and the “Protected Materials” as defined in the protective order,

⁴ The filing of a notice of intent does not guarantee an award of intervenor compensation. In order to receive an award, the customer’s presentation must make a substantial contribution to the adoption of the Commission’s order or decision, and the customer must receive a finding of significant financial hardship. (See Pub. Util. Code §§ 1801.3, 1802(i), 1802.5, 1803, and 1804.)

except for the Office of Ratepayer Advocates and other staff of this Commission, shall be required to enter into a finalized version of the non-disclosure certificate and be bound by the terms and restrictions of the protective order.

2. The issues to be resolved in this proceeding are listed in Section 4 of this Scoping Memo and Ruling, and raise issues of fact that require evidentiary hearings.

3. The procedural schedule will follow the schedule set forth in Section 6 of this Scoping Memo and Ruling.

4. Evidentiary hearings will be held beginning on June 22, 2015 at 10:00 a.m., at the Commission's Hearing Room, 505 Van Ness Avenue, San Francisco, and continue each weekday thereafter through July 17, 2015 as needed.

5. The prepared testimony in this proceeding shall be electronically served on the service list on the dates set forth in the adopted procedural schedule, and print copies are to be provided to the assigned Commissioner and Administrative Law Judges.

6. Any party requesting oral argument before the Commission shall include a written request in its opening brief following the conclusion of evidentiary hearings in this proceeding.

7. Administrative Law Judges John S. Wong and Rafael Lirag are designated the principal hearing officers for this proceeding.

8. The category for this proceeding is ratesetting, and this ruling on categorization is appealable within 10 days of this scoping memo pursuant to Rule 7.6.

9. *Ex parte* communications are permitted as provided for by Rules 8.2, 8.3, and 8.5 of the Commission's Rules of Practice and Procedure. In addition, Pacific

Gas and Electric Company is subject to the *ex parte* provisions as set forth in Decision 14-11-041.

10. Any customer who intends to seek intervenor compensation in this proceeding shall file a notice of intent to claim compensation in this proceeding in accordance with Rule 17.1 of the Commission's Rules of Practice and Procedure.

11. This ruling shall be served on the service list that has been established for these consolidated applications.

Dated February 5, 2015, at San Francisco, California.

/s/ CARLA J. PETERMAN

Carla J. Peterman
Assigned Commissioner